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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 000770

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TAGS: [ECON](#) [PGOV](#) [PINR](#) [IZ](#)
SUBJECT: IMPLEMENTING THE INVESTMENT LAW

REF: A. BAGHDAD O-I 2/27/2007
[1](#)B. BAGHDAD 721
[1](#)C. 2006 BAGHDAD 3797

Classified By: Economic Minister-Counselor Daniel Weygandt for reasons
1.4 (b) and (d).

[1](#)1. (C) Summary: The Government of Iraq is moving forward in implementing the Investment Law passed by the Council of Representatives (CoR) in October 2006 and published in the official GOI Gazette on January 17, 2007. While still pending CoR approval, an Acting Chairman of the National Investment Committee was named by the Council of Ministers on February 8. Prime Minister economic advisors have told emboffs of developments in investment proposals and plans. Overall, there is a sense of greater focus on promoting investment now than even just a few months ago. End Summary.

Investment Law Enacted on January 17

[1](#)2. (SBU) The Council of Representatives passed the Investment Law in October 2006 and it was signed by the Presidency Council in November 2006 (ref C). Following its CoR approval, well-known Iraqi figures ranging from Ahmed Chalabi to SCIRI leader Abdul Aziz al Hakim made public statements supporting the law, which had become more decentralized and open to foreign investors during the course of the CoR debate. As is standard with Iraqi laws, the Investment Law stipulated that it would become law once printed in the Official Gazette, which is published by the Ministry of Justice. The Investment Law was published in the Gazette on January 17, 2007.

Next Step: Forming the National Investment Commission

[1](#)3. (SBU) The Investment Law authorized the establishment of a National Investment Commission, which holds responsibilities for implementation of the law at the national level, including the drafting of implementing regulations and guidelines. The key next step therefore is to form the Investment Commission. At the suggestion of the Prime Minister, the Council of Ministers named Dr. Abbas Saleh Mehdi as the Acting Chairman of the Investment Commission on February 8. Dr. Mehdi's appointment will not be permanent until it is approved by the Council of Representatives.

[1](#)4. (C) The USAID-funded Izdihar project's Investment Promotion Team began work with a 3-person Investment Law Regulations Drafting Commission to develop bylaws for the Investment Commission and initial implementing regulations. The Deputy Minister of the Ministry of Planning, the Economic Advisor to the Ministry of Industries and Minerals and the Deputy Director General of Foreign Investment Promotion of the Ministry of Planning participated in this committee. The

documents must be finalized by the Investment Commission, and Dr. Mehdi will be the primary person responsible for their issuance. (Note: The Investment Promotion Team at Izdihar closed on February 28 due to lack of funding. End note.)

15. (SBU) The Deputy Chair of the Investment Commission will also need to be appointed by the Council of Ministers and approved by the CoR, as stipulated by the law. Four of the remaining seven members of the Board of Directors responsible for managing the National Investment Commission will be appointed by the Prime Minister, and three will be selected by the Chairman from the private sector, with the approval of the Prime Minister. The CoR debate led to the decentralization of regional and provincial investment commissions, which are independent of the central commission. To our knowledge, these commissions have not yet been formed.

The Acting Chairman

16. (C) Dr. Abbas Saleh Mehdi is Iraqi-American, and is considered well-connected in Baghdad and with the Prime Minister's office. He worked with the USAID-funded National Capacity Development project, where he was the lead capacity building expert for the Ministry of Planning and the National Center for Consultancy and Management Development, the training center for public administration for the GOI. He has a doctorate in management from Ohio State University, a master's in Management from Bath University in England, and a Bachelor's degree in Economics from Al Mustansiriyah University in Baghdad. He has taught at the University of Minnesota's Carlson School of Management and was a professor of sociology at St. Cloud State University in Minnesota. If

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approved by the CoR as Chairman, he will be considered to be at the ministerial level. Dr. Mehdi has met with the Investment Law Regulations Drafting Team and the Prime Minister's office expects him to assume his new position as Acting Chairman by the second week of March.

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Government Focus on Promoting Private Investment
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17. (C) Both the Minister of Housing and Construction, Bayan Dizayee, and a CoR Economic Committee Member, Dr. Amirah al Baldawi, highlighted the importance of the investment law in remarks at an event for US businessmen hosted by Deputy Prime Minister Barham Salih on February 26. (Note: The US businessmen are in Iraq on a trip sponsored by Department of Defense Task Force for Business and Stabilization Operations. End note.) Dr. Abdulhussein Al Anbaki, Economic Advisor to the Prime Minister and Dr. Ghazi Al Aboudi, Financial Advisor to the Prime Minister, told econoff on February 27 that they were preparing for the establishment of the Investment Commission and have developed preliminary investment plans. Al Anbaki and Al Aboudi are members of the Prime Minister's Advisory Committee, which is led by Dr. Tariq Ghabban.

Comment

18. (C) Since the Investment Law became official by its publication in the Gazette on January 17, there has been noticeably more momentum towards concrete implementation steps. The appointment of a Chairman of the Investment Commission, even if not yet approved by the CoR, is a pre-requisite to any further implementation. Post plans on meeting with Dr. Mehdi upon his return to Iraq in mid-March. Along with the setting of a date for the first WTO Working Party in Geneva (ref A), and the Council of Ministers' approval of the Hydrocarbon law (ref B) these developments are positive indicators of GOI commitment to building a

healthy economy open to foreign investment.
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